

**MINUTE ITEM**

This Calendar Item No. C48 was approved as  
Minute Item No. 48 by the California State Lands  
Commission by a vote of 3 to 0 at its  
8/24/06 meeting.

**Minute Item  
C48**

PRC 5967

08/24/06  
WP 5967  
S. Young

**DCOR, LLC  
(LESSEE)**

**Item C48 was moved from Consent to Regular.**

**The Commissioners listened to a staff report  
regarding the lease extension for DCOR.**

**The item was approved as presented by a 3-0 vote.**

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**C48**

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08/24/06

S 19, 23

WP 5967.1

S. Young

**AMENDMENT OF LEASE**

**LESSEE:**

DCOR, L.L.C.  
290 Maple Court, Suite 290  
Ventura, CA 93003

**AREA, LAND TYPE, AND LOCATION:**

Sovereign lands in the Pacific Ocean, near the city of Oxnard, Ventura County.

**AUTHORIZED USE:**

Continued use and maintenance of two existing bundled pipeline systems, which include crude oil, natural gas, water and electrical lines, that extend offshore to serve federal oil and gas leases developed from Platforms Gina and Gilda within the Outer Continental Shelf (OCS).

**LEASE TERM:**

25 years, beginning April 1, 1981.

**CONSIDERATION:**

\$54,752 per annum

**INSURANCE:**

\$2,000,000 coverage

**OTHER:**

The annual rent will be adjusted every five years through the use of the Gross National Product Implicit Price Deflator.

**PROPOSED AMENDMENTS:**

- 1) **Term extension:** 20 years, beginning April 1, 2006.
- 2) **Consideration:** \$54,752 per annum effective April 1, 2006 through

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March 31, 2007; effective April 1, 2007 consideration will be increased to \$89,350 per annum; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

- 3) **Insurance:** Combined single limit coverage of no less than \$10,000,000.
- 4) **Other:** The use of the Gross National Product Implicit Price Deflator will be discontinued as a means of adjusting the annual rent because this index is no longer published.

All other terms and conditions of the lease shall remain in effect without amendment.

**OTHER PERTINENT INFORMATION:**

1. Lessee (DCOR) has the right to use uplands adjoining the Lease Premises.
2. On March 5, 1981, the Commission approved the issuance to Union Oil Company of California of a 25-year General Lease – Industrial Use, Lease No. PRC 5967.1, with a beginning date of April 1, 1981. On September 23, 1991, the Commission authorized an Amendment and revised Lease Agreement that superseded the 1981 agreement. The Commission subsequently approved a number of assignments of the Lease.
3. On August 8, 2005, the Commission approved the assignment and amendment of PRC 5967.1 and three pipeline Right-of-Way Leases, Lease Nos. PRC 3997.1, PRC 4017.1, and PRC 4324.1, from PXP to DCOR, L.L.C. These leases are for existing submarine pipelines, water lines and electrical lines serving various federal Outer Continental Shelf (OCS) oil and gas leases in the Pacific Ocean offshore of Santa Barbara and Ventura counties. The Assignment Consent Agreement (ACA) executed by DCOR, PXP, and the Commission provided that PXP remain fully responsible for, and bear all costs of, decommissioning, abandonment and site clearance associated with the leases, as well as maintain, in place, the existing performance bonds totaling \$3,000,000. Additionally, as part of the assignment, DCOR's parent company, Crescent Resources, provided an unconditional guarantee for full performance by DCOR of all obligations under the leases. The referenced leases were amended to include specific provisions relating to compliance

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with current federal and State pipeline laws and regulations and provisions relating to pipeline maintenance, inspections and repair as well as addressing specific language as to oil spill emergency procedures and required notifications.

4. On January 25, 2006, DCOR submitted an application to extend the term of the Lease.
5. **Proposed Extension and Amendment of Lease:** Staff is recommending that the term of the existing lease be extended for an additional 20 years beginning April 1, 2006. Additionally, the proposed amendment adjusts the current insurance liability coverage requirement from \$2,000,000 to \$10,000,000. Annual rent will be revised from \$54,742 to \$89,350 effective April 1, 2007. The Lease will be further amended to delete the use of the Gross National Product Implicit Price Deflator as a means of adjusting the annual rent. All other terms and conditions of the lease will remain in full force and effect, including the Commission's right to fix a different rent periodically during the lease term.
6. The pipelines, serving the OCS facilities Platforms Gina and Gilda, have been inspected pursuant to a Memorandum of Understanding between the U. S. Minerals Management Service and the Commission. Commission staff has reviewed the results of the 2004 and 2005 inspections and all pertinent pipelines have been approved for continued use and operation.
7. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

**EXHIBITS:**

- A. Site and Location Map
- B. Land Description

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**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDING:**

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (a)(2).

**AUTHORIZATION:**

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 5967.1, A GENERAL LEASE -INDUSTRIAL USE, ISSUED TO DCOR, L.L.C., TO:

- 1) EXTEND THE TERM OF THE LEASE AN ADDITIONAL 20 YEARS, BEGINNING APRIL 1, 2006, FOR THE CONTINUED USE AND MAINTENANCE OF TWO BUNDLED PIPELINE SYSTEMS, LOCATED OFFSHORE OF VENTURA COUNTY AND SERVING FEDERAL OIL AND GAS LEASES AT PLATFORMS GINA AND GILDA, AS SHOWN ON EXHIBIT A AND AS DESCRIBED ON EXHIBIT B ATTACHED AND BY THIS REFERENCE EACH IS MADE A PART HEREOF;
- 2) ANNUAL RENTAL IN THE AMOUNT OF \$54,742 EFFECTIVE APRIL 1, 2006 THROUGH MARCH 31, 2007. EFFECTIVE APRIL 1, 2007, ANNUAL RENT IN THE AMOUNT OF \$89,350, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM AS PROVIDED IN THE LEASE;
- 3) INCREASE LIABILITY INSURANCE COVERAGE TO AN AMOUNT OF NO LESS THAN \$10,000,000;
- 4) DISCONTINUE THE USE OF THE GROSS NATIONAL PRODUCT IMPLICIT PRICE DEFLATOR AS A MEANS OF ADJUSTING THE ANNUAL RENT BECAUSE THIS INDEX IS NO LONGER PUBLISHED.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN FULL FORCE AND EFFECT.

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NO SCALE

## LOCATION

## Exhibit A

PRC 5967.1  
PIPELINE LEASE  
VENTURA COUNTY



PARCEL 2

PARCEL 1

OXNARD BEACH

PORT HUENEME

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any state interest in the subject or any other property.

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## EXHIBIT B

### LAND DESCRIPTION

PRC 5967.1

Two strips of tide and submerged land 20 feet in width in the Santa Barbara Channel, Ventura County, California, lying 10 feet on each side of the following described centerlines.

#### PARCEL 1

BEGINNING at a point having California Coordinate System, Zone 6 coordinates of  $x = 1,092,802.00$  and  $y = 753,814.00$ ; thence  $S 14^{\circ} 45' 00'' W$  1488.09 feet; thence along a tangent curve, concave to the west having a radius of 7000.00 feet through a central angle of  $09^{\circ} 40' 00''$ , an arc distance of 1181.01 feet; thence  $S 24^{\circ} 25' 00'' W$  56.15 feet; thence along a tangent curve concave to the east, having a radius of 6000.00 feet through a central angle of  $06^{\circ} 33' 00''$ , an arc distance of 685.91 feet; thence  $S 17^{\circ} 52' 00'' W$  10742.67 feet; thence along a tangent curve concave to the east, having a radius of 20,000.00 feet through a central angle of  $02^{\circ} 55' 00''$ , an arc distance of 1018.11 feet; thence  $S 14^{\circ} 57' 00'' W$  5736.22 feet; thence along a tangent curve concave to the east, having a radius of 20,000.00 feet through a central angle of  $01^{\circ} 04' 00''$ , an arc distance of 372.34 feet; thence  $S 13^{\circ} 53' 00'' W$  2556.25 feet; thence along a tangent curve concave to the east, having a radius of 20,000.00 feet through a central angle of  $00^{\circ} 42' 00''$ , an arc distance of 244.35 feet; thence  $S 13^{\circ} 11' 00'' W$  3524.95 feet; thence along a tangent curve concave to the east, having a radius of 20,000.00 feet through a central angle of  $02^{\circ} 00' 00''$ , an arc distance of 698.13 feet; thence  $S 11^{\circ} 11' 00'' W$  266.78 feet; thence along a tangent curve concave to the west, having a radius of 20,000.00 feet through a central angle of  $03^{\circ} 24' 00''$ , an arc distance of 1186.82 feet; thence  $S 14^{\circ} 35' 00'' W$  562.83 feet more or less to the offshore boundary of the State of California and the end of the centerline described herein.

#### PARCEL 2

BEGINNING at a point having California Coordinate System, Zone 6 coordinates of  $x = 1,092,754.07$  and  $y = 753,908.22$ ; thence  $S 45^{\circ} 13' 00'' W$  1396.46 feet; thence along a tangent curve concave to the northwest, having a radius of 8000.00 feet through a central angle of  $20^{\circ} 10' 00''$ , an arc distance of 2815.80 feet; thence  $S 65^{\circ} 23' 00'' W$  180.02 feet; thence along a tangent curve concave to the north, having a radius of 3000.00 feet through a central angle of  $48^{\circ} 36' 00''$ , an arc distance of 2544.69 feet; thence  $N 66^{\circ} 01' 00'' W$  238.96 feet; thence along a tangent curve concave to the south, having a radius of 1200.00 feet, through a central angle of  $20^{\circ} 04' 00''$  an arc distance of 420.28 feet; thence  $N 86^{\circ} 05' 00'' W$  1272.74 feet; thence along a tangent curve concave to the south, having a radius of 4000.00 feet through a central angle of

11° 58' 00", an arc distance of 835.43 feet; thence S 81° 57' 00" W 8803.03 feet; thence along a tangent curve concave to the north, having a radius of 20,000.00 feet through a central angle of 01° 16' 00", an arc distance of 442.15 feet; thence S 83° 13' 00" W 360.22 feet more or less to the offshore boundary of the State of California and the end of the centerline described herein.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of the Pacific Ocean.

This description is based upon the California Coordinate System, Zone VI.

END OF DESCRIPTION

REVIEWED AUGUST 14, 1985 BY BOUNDARY SERVICES UNIT, M.L. SHAFER, SUPERVISOR

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